

Union Calendar No.

109TH CONGRESS
2^D SESSION

H. R. 1631

[Report No. 109-]

To provide for the financing of high-speed rail infrastructure, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 2005

Mr. YOUNG of Alaska (for himself, Mr. OBERSTAR, Mr. LATOURETTE, and Ms. CORRINE BROWN of Florida) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

FEBRUARY 3, 2006

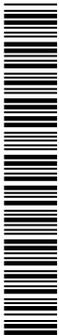
Reported from the Committee on Ways and Means with an amendment

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A BILL

To provide for the financing of high-speed rail infrastructure, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*



1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Rail Infrastructure De-
3 velopment and Expansion Act for the 21st Century”.

4 **SEC. 2. HIGH-SPEED INTERCITY RAIL FACILITY BONDS.**

5 (a) **AMENDMENT.**—Chapter 261 of title 49, United
6 States Code, is amended by adding at the end the fol-
7 lowing new section:

8 **“§ 26106. High-speed rail infrastructure bonds**

9 “(a) **DESIGNATION.**—The Secretary may designate
10 bonds for purposes of subsection (f) or section 54 of the
11 Internal Revenue Code of 1986 if—

12 “(1) the bonds are to be issued by—

13 “(A) a State, if the entire railroad pas-
14 senger transportation corridor containing the
15 infrastructure project to be financed is within
16 the State;

17 “(B) 1 or more of the States that have en-
18 tered into an agreement or an interstate com-
19 pact consented to by Congress under section
20 410(a) of Public Law 105–134 (49 U.S.C
21 24101 nt); or

22 “(C) an agreement or an interstate com-
23 pact described in subparagraph (B);

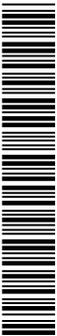
24 “(2) the bonds are for the purpose of
25 financing—



1 “(A) projects that make a substantial con-
2 tribution to providing the infrastructure and
3 equipment required to complete a high-speed
4 rail transportation corridor (including projects
5 for the acquisition, financing, or refinancing of
6 equipment and other capital improvements, in-
7 cluding the introduction of new high-speed tech-
8 nologies such as magnetic levitation systems,
9 track or signal improvements, the elimination of
10 grade crossings, development of intermodal fa-
11 cilities, improvement of train speeds or safety,
12 or both, and station rehabilitation or construc-
13 tion), but only if the Secretary determines that
14 the projects are part of a viable and comprehen-
15 sive high-speed rail transportation corridor de-
16 sign for intercity passenger service, including a
17 design for minimally operable segments of a
18 corridor designated under section 104(d)(2) of
19 title 23, United States Code; or

20 “(B) projects for the Alaska Railroad;

21 “(3) for a railroad passenger transportation
22 corridor design that includes the use of rights-of-way
23 owned by a freight railroad; a written agreement ex-
24 ists between the applicant and the freight railroad
25 regarding such use and ownership, including com-



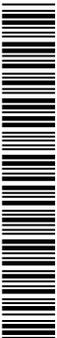
1 pensation for such use and assurances regarding the
2 adequacy of infrastructure capacity to accommodate
3 both existing and future freight and passenger oper-
4 ations, and including an assurance by the freight
5 railroad that collective bargaining agreements with
6 the freight railroad's employees (including terms
7 regulating the contracting of work) shall remain in
8 full force and effect according to their terms for
9 work performed by the freight railroad on such rail-
10 road passenger transportation corridor;

11 “(4) the corridor design eliminates existing rail-
12 way-highway grade crossings that the Secretary de-
13 termines would impede high-speed rail operations;

14 “(5) the applicant agrees to comply with—

15 “(A) the standards of section 24312, as in
16 effect on September 1, 2002, with respect to
17 the project in the same manner that the Na-
18 tional Railroad Passenger Corporation is re-
19 quired to comply with such standards for con-
20 struction work financed under an agreement
21 made under section 24308(a); and

22 “(B) the protective arrangements estab-
23 lished under section 504 of the Railroad Revi-
24 talization and Regulatory Reform Act of 1976
25 (45 U.S.C. 836) with respect to employees af-



1 feeted by actions taken in connection with the
2 project to be financed by the bond; and

3 ~~“(6) the applicant agrees not to pay the prin-~~
4 ~~cipal or interest on the bonds using funds derived di-~~
5 ~~rectly or indirectly from the Highway Trust Fund,~~
6 ~~except as permitted by law as of the date of the en-~~
7 ~~actment of this section.~~

8 ~~“(b) BOND AMOUNT LIMITATION.—~~

9 ~~“(1) IN GENERAL.—The amount of bonds des-~~
10 ~~ignated under this section may not exceed—~~

11 ~~“(A) in the case of subsection (f) bonds,~~
12 ~~\$1,200,000,000 for each of the fiscal years~~
13 ~~2006 through 2015; and~~

14 ~~“(B) in the case of section 54 bonds,~~
15 ~~\$1,200,000,000 for each of the fiscal years~~
16 ~~2006 through 2015.~~

17 ~~“(2) CARRYOVER OF UNUSED LIMITATION.—If~~
18 ~~for any fiscal year the limitation amount under sub-~~
19 ~~paragraph (A) or (B) of paragraph (1) exceeds—~~

20 ~~“(A) with respect to subparagraph (A) of~~
21 ~~paragraph (1), the amount of subsection (f)~~
22 ~~bonds issued during such year; or~~

23 ~~“(B) with respect to subparagraph (B) of~~
24 ~~paragraph (1), the amount of section 54 bonds~~
25 ~~issued during such year,~~



1 the limitation amount under subparagraph (A) or
2 (B) of paragraph (1), as the case may be, for the
3 following fiscal year (through fiscal year 2019) shall
4 be increased by the amount of such excess.

5 “(c) PREFERENCE.—The Secretary shall give pref-
6 erence to the designation under this section of bonds for
7 projects—

8 “(1) to be funded through a combination of
9 subsection (f) bonds and section 54 bonds;

10 “(2) which propose to link rail passenger serv-
11 ice with other modes of transportation;

12 “(3) expected to have a significant impact on
13 air traffic congestion;

14 “(4) expected to also improve commuter rail op-
15 erations;

16 “(5) where all environmental work has already
17 been completed and the project is ready to com-
18 mence; or

19 “(6) that have received financial commitments
20 and other support of State and local governments.

21 “(d) TIMELY DISPOSITION OF APPLICATION.—The
22 Secretary shall grant or deny a requested designation
23 within 9 months after receipt of an application.

24 “(e) ANNUAL REPORTS.—



1 “(1) FROM ISSUER OF BONDS.—The issuer of
2 bonds designated under subsection (a) shall report
3 annually to the Secretary regarding the terms of
4 outstanding designated bonds and the progress made
5 with respect to the project financed by the bonds.

6 “(2) FROM SECRETARY.—The Secretary, in
7 consultation with the Secretary of the Treasury,
8 shall transmit to the Congress an annual report
9 which includes—

10 “(A) reports received under paragraph (1);

11 and

12 “(B) an assessment of the progress made
13 toward completion of high-speed rail transpor-
14 tation corridors resulting from projects financed
15 by bonds designated under subsection (a).

16 “(f) TAX TREATMENT OF SUBSECTION (f) BONDS.—

17 “(1) EXCLUSION FROM GROSS INCOME.—The
18 interest on a bond designated by the Secretary
19 under subsection (a) for purposes of this subsection
20 shall be excluded from gross income under section
21 103 of the Internal Revenue Code of 1986, notwith-
22 standing section 149(e) of such Code.

23 “(2) EXEMPTION FROM VOLUME CAP.—For
24 purposes of section 146 of such Code, a bond des-
25 ignated by the Secretary under subsection (a) for



1 purposes of this subsection shall be considered to be
2 exempt from the volume cap of the issuing authority
3 in the same manner as bonds listed in subsection (g)
4 of such section 146.

5 ~~“(g) REFINANCING RULES.—Bonds designated by~~
6 ~~the Secretary under subsection (a) may be issued for refi-~~
7 ~~nancing projects only if the indebtedness being refinanced~~
8 ~~(including any obligation directly or indirectly refinanced~~
9 ~~by such indebtedness) was originally incurred by the~~
10 ~~issuer—~~

11 ~~“(1) after the date of the enactment of this sec-~~
12 ~~tion;~~

13 ~~“(2) for a term of not more than 3 years;~~

14 ~~“(3) to finance projects described in subsection~~
15 ~~(a)(2); and~~

16 ~~“(4) in anticipation of being refinanced with~~
17 ~~proceeds of a bond designated under subsection (a).~~

18 ~~“(h) PROVISIONS REGARDING HIGH-SPEED RAIL~~
19 ~~SERVICE.—~~

20 ~~“(1) STATUS AS EMPLOYER OR CARRIER.—Any~~
21 ~~entity providing railroad transportation (within the~~
22 ~~meaning of section 20102) that begins operations~~
23 ~~after the date of the enactment of this section and~~
24 ~~that uses property acquired pursuant to this section~~
25 ~~(except as provided in subsection (a)(2)(B)), shall be~~



1 considered an employer for purposes of the Railroad
2 Retirement Act of 1974 (45 U.S.C. 231 et seq.) and
3 considered a carrier for purposes of the Railway
4 Labor Act (45 U.S.C. 151 et seq.).

5 “(2) COLLECTIVE BARGAINING AGREEMENT.—
6 Any entity providing high-speed intercity passenger
7 railroad transportation (within the meaning of sec-
8 tion 20102) that begins operations after the date of
9 enactment of this section on a project funded in
10 whole or in part by bonds designated under sub-
11 section (a), and replaces intercity rail passenger
12 service that was provided by another entity as of the
13 date of enactment of this section, shall enter into an
14 agreement with the authorized bargaining agent or
15 agents for employees of the predecessor provider
16 that—

17 “(A) gives each employee of the prede-
18 cessor provider priority in hiring according to
19 the employee’s seniority on the predecessor pro-
20 vider for each position with the replacing entity
21 that is in the employee’s craft or class and is
22 available within three years after the termi-
23 nation of the service being replaced;

24 “(B) establishes a procedure for notifying
25 such an employee of such positions;



1 “(C) establishes a procedure for such an
2 employee to apply for such positions; and

3 “(D) establishes rates of pay, rules, and
4 working conditions.

5 “~~(3)~~ IMMEDIATE REPLACEMENT OF EXISTING
6 RAIL PASSENGER SERVICE.—

7 “(A) NEGOTIATIONS.—If the replacement
8 of preexisting intercity rail passenger service oc-
9 curs concurrent with or within a reasonable
10 amount of time before the commencement of
11 the replacing entity’s high-speed rail passenger
12 service, the replacing entity shall give written
13 notice of its plan to replace existing rail pas-
14 senger service to the authorized collective bar-
15 gaining agent or agents for the employees of
16 the predecessor provider at least 90 days prior
17 to the date it plans to commence service. With-
18 in 5 days after the date of receipt of such writ-
19 ten notice, negotiations between the replacing
20 entity and the collective bargaining agent or
21 agents for the employees of the predecessor pro-
22 vider shall commence for the purpose of reach-
23 ing agreement with respect to all matters set
24 forth in paragraph ~~(2)~~(A)—(D). The negotia-
25 tions shall continue for 30 days or until an



1 agreement is reached, whichever is sooner. If at
2 the end of 30 days the parties have not entered
3 into an agreement with respect to all such mat-
4 ters, the unresolved issues shall be submitted
5 for arbitration in accordance with the procedure
6 set forth in subparagraph (B).

7 “(B) ARBITRATION.—If an agreement has
8 not been entered into with respect to all mat-
9 ters set forth in paragraph (2)(A)–(D) as pro-
10 vided in subparagraph (A) of this paragraph,
11 the parties shall select an arbitrator. If the par-
12 ties are unable to agree upon the selection of
13 such arbitrator within 5 days, either or both
14 parties shall notify the National Mediation
15 Board, which shall provide a list of seven arbi-
16 trators with experience in arbitrating rail labor
17 protection disputes. Within 5 days after such
18 notification, the parties shall alternately strike
19 names from the list until only one name re-
20 mains, and that person shall serve as the neu-
21 tral arbitrator. Within 45 days after selection of
22 the arbitrator, the arbitrator shall conduct a
23 hearing on the dispute and shall render a deci-
24 sion with respect to the unresolved issues set
25 forth in paragraph (2)(A)–(D). This decision



1 shall be final, binding, and conclusive upon the
2 parties. The salary and expenses of the arbi-
3 trator shall be borne equally by the parties; all
4 other expenses shall be paid by the party incur-
5 ring them.

6 “(C) SERVICE COMMENCEMENT.—A re-
7 placing entity under this paragraph shall com-
8 mence service only after an agreement is en-
9 tered into with respect to the matters set forth
10 in paragraph (2)(A)–(D) or the decision of the
11 arbitrator has been rendered.

12 “(4) SUBSEQUENT REPLACEMENT OF EXISTING
13 RAIL PASSENGER SERVICE.—If the replacement of
14 existing rail passenger service takes place within 3
15 years after the replacing entity commences high-
16 speed rail passenger service, the replacing entity and
17 the collective bargaining agent or agents for the em-
18 ployees of the predecessor provider shall enter into
19 an agreement with respect to the matters set forth
20 in paragraph (2)(A)–(D). If the parties have not en-
21 tered into an agreement with respect to all such
22 matters within 60 days after the date on which the
23 replacing entity replaces the predecessor provider,
24 the parties shall select an arbitrator using the proce-
25 dures set forth in paragraph (3)(B), who shall, with-



1 in 20 days after the commencement of the arbitra-
2 tion, conduct a hearing and decide all unresolved
3 issues. This decision shall be final, binding, and con-
4 clusive upon the parties.

5 “(i) ISSUANCE OF REGULATIONS.—Not later than 6
6 months after the date of the enactment of this section,
7 the Secretary shall issue regulations for carrying out this
8 section.

9 “(j) DEFINITIONS.—For purposes of this section—
10 “(1) SUBSECTION (f) BOND.—The term ‘sub-
11 section (f) bond’ means a bond designated by the
12 Secretary under subsection (a) for purposes of sub-
13 section (f).

14 “(2) SECTION 54 BOND.—The term ‘section 54
15 bond’ means a bond designated by the Secretary
16 under subsection (a) for purposes of section 54 of
17 the Internal Revenue Code of 1986 (relating to cred-
18 it to holders of qualified high-speed rail infrastruc-
19 ture bonds).”.

20 (b) TABLE OF SECTIONS AMENDMENT.—The table of
21 sections of chapter 261 of title 49, United States Code,
22 is amended by adding after the item relating to section
23 26105 the following new item:

“26106. High-speed rail infrastructure bonds.”.



1 **SEC. 3. TAX CREDIT TO HOLDERS OF QUALIFIED HIGH-**
2 **SPEED RAIL INFRASTRUCTURE BONDS.**

3 (a) **IN GENERAL.**—Part IV of subchapter A of chap-
4 ter 1 of the Internal Revenue Code of 1986 (relating to
5 credits against tax) is amended by adding at the end the
6 following new subpart:

7 **“Subpart H—Nonrefundable Credit for Holders of**
8 **Qualified High-Speed Rail Infrastructure Bonds**

“Sec. 54. Credit to holders of qualified high-speed rail infrastructure bonds.

9 **“SEC. 54. CREDIT TO HOLDERS OF QUALIFIED HIGH-SPEED**
10 **RAIL INFRASTRUCTURE BONDS.**

11 **“(a) ALLOWANCE OF CREDIT.**—In the case of a tax-
12 payer who holds a qualified high-speed rail infrastructure
13 bond on a credit allowance date of such bond which occurs
14 during the taxable year, there shall be allowed as a credit
15 against the tax imposed by this chapter for such taxable
16 year an amount equal to the sum of the credits determined
17 under subsection (b) with respect to credit allowance dates
18 during such year on which the taxpayer holds such bond.

19 **“(b) AMOUNT OF CREDIT.**—

20 **“(1) IN GENERAL.**—The amount of the credit
21 determined under this subsection with respect to any
22 credit allowance date for a qualified high-speed rail
23 infrastructure bond is 25 percent of the annual cred-
24 it determined with respect to such bond.



1 “(2) ANNUAL CREDIT.—The annual credit de-
2 termined with respect to any qualified high-speed
3 rail infrastructure bond is the product of—

4 “(A) the applicable credit rate, multiplied
5 by

6 “(B) the outstanding face amount of the
7 bond.

8 “(3) APPLICABLE CREDIT RATE.—For purposes
9 of paragraph (2), the applicable credit rate with re-
10 spect to an issue is the rate equal to an average
11 market yield (as of the day before the date of sale
12 of the issue) on outstanding long-term corporate
13 debt obligations (determined under regulations pre-
14 scribed by the Secretary).

15 “(4) CREDIT ALLOWANCE DATE.—For purposes
16 of this section, the term ‘credit allowance date’
17 means—

18 “(A) March 15,

19 “(B) June 15,

20 “(C) September 15, and

21 “(D) December 15.

22 Such term includes the last day on which the bond
23 is outstanding.

24 “(5) SPECIAL RULE FOR ISSUANCE AND RE-
25 DEMPTION.—In the case of a bond which is issued



1 during the 3-month period ending on a credit allow-
2 ance date, the amount of the credit determined
3 under this subsection with respect to such credit al-
4 lowance date shall be a ratable portion of the credit
5 otherwise determined based on the portion of the 3-
6 month period during which the bond is outstanding.
7 A similar rule shall apply when the bond is re-
8 deemed.

9 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

10 “(1) IN GENERAL.—The credit allowed under
11 subsection (a) for any taxable year shall not exceed
12 the excess of—

13 “(A) the sum of the regular tax liability
14 (as defined in section 26(b)) plus the tax im-
15 posed by section 55, over

16 “(B) the sum of the credits allowable
17 under this part (other than this subpart and
18 subpart C).

19 “(2) CARRYOVER OF UNUSED CREDIT.—If the
20 credit allowable under subsection (a) exceeds the
21 limitation imposed by paragraph (1) for such taxable
22 year, such excess shall be carried to the succeeding
23 taxable year and added to the credit allowable under
24 subsection (a) for such taxable year.



1 “(d) CREDIT INCLUDED IN GROSS INCOME.—Gross
2 income includes the amount of the credit allowed to the
3 taxpayer under this section (determined without regard to
4 subsection (e)) and the amount so included shall be treat-
5 ed as interest income.

6 “(e) QUALIFIED HIGH-SPEED RAIL INFRASTRUC-
7 TURE BOND.—For purposes of this part, the term ‘quali-
8 fied high-speed rail infrastructure bond’ means any bond
9 issued as part of an issue if—

10 “(1) the issuer certifies that the Secretary of
11 Transportation has designated the bond for purposes
12 of this section under section 26106(a) of title 49,
13 United States Code, as in effect on the date of the
14 enactment of this section;

15 “(2) 95 percent or more of the proceeds from
16 the sale of such issue are to be used for expenditures
17 incurred after the date of the enactment of this sec-
18 tion for any project described in section 26106(a)(2)
19 of title 49, United States Code;

20 “(3) the term of each bond which is part of
21 such issue does not exceed 20 years;

22 “(4) the payment of principal with respect to
23 such bond is the obligation solely of the issuer, and

24 “(5) the issue meets the requirements of sub-
25 section (f) (relating to arbitrage).



1 “(f) SPECIAL RULES RELATING TO ARBITRAGE.—

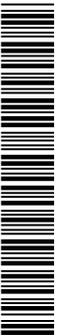
2 “(1) IN GENERAL.—Subject to paragraph (2),
3 an issue shall be treated as meeting the require-
4 ments of this subsection if as of the date of
5 issuance, the issuer reasonably expects—

6 “(A) to spend at least 95 percent of the
7 proceeds from the sale of the issue for 1 or
8 more qualified projects within the 3-year period
9 beginning on such date,

10 “(B) to incur a binding commitment with
11 a third party to spend at least 10 percent of the
12 proceeds from the sale of the issue, or to com-
13 mence construction, with respect to such
14 projects within the 6-month period beginning on
15 such date; and

16 “(C) to proceed with due diligence to com-
17 plete such projects and to spend the proceeds
18 from the sale of the issue.

19 “(2) RULES REGARDING CONTINUING COMPLI-
20 ANCE AFTER 3-YEAR DETERMINATION.—If at least
21 95 percent of the proceeds from the sale of the issue
22 is not expended for 1 or more qualified projects
23 within the 3-year period beginning on the date of
24 issuance, but the requirements of paragraph (1) are
25 otherwise met, an issue shall be treated as con-



1 tinuing to meet the requirements of this subsection
2 if either—

3 “(A) the issuer uses all unspent proceeds
4 from the sale of the issue to redeem bonds of
5 the issue within 90 days after the end of such
6 3-year period; or

7 “(B) the following requirements are met:

8 “(i) The issuer spends at least 75 per-
9 cent of the proceeds from the sale of the
10 issue for 1 or more qualified projects with-
11 in the 3-year period beginning on the date
12 of issuance.

13 “(ii) Either—

14 “(I) the issuer spends at least 95
15 percent of the proceeds from the sale
16 of the issue for 1 or more qualified
17 projects within the 4-year period be-
18 ginning on the date of issuance; or

19 “(II) the issuer pays to the Fed-
20 eral Government any earnings on the
21 proceeds from the sale of the issue
22 that accrue after the end of the 3-year
23 period beginning on the date of
24 issuance and uses all unspent pro-
25 ceeds from the sale of the issue to re-



1 deem bonds of the issue within 90
2 days after the end of the 4-year pe-
3 riod beginning on the date of
4 issuance.

5 “(g) RECAPTURE OF PORTION OF CREDIT WHERE
6 CESSATION OF COMPLIANCE.—

7 “(1) IN GENERAL.—If any bond which when
8 issued purported to be a qualified high-speed rail in-
9 frastructure bond ceases to be such a qualified bond,
10 the issuer shall pay to the United States (at the
11 time required by the Secretary) an amount equal to
12 the sum of—

13 “(A) the aggregate of the credits allowable
14 under this section with respect to such bond
15 (determined without regard to subsection (e))
16 for taxable years ending during the calendar
17 year in which such cessation occurs and the 2
18 preceding calendar years; and

19 “(B) interest at the underpayment rate
20 under section 6621 on the amount determined
21 under subparagraph (A) for each calendar year
22 for the period beginning on the first day of
23 such calendar year.

24 “(2) FAILURE TO PAY.—If the issuer fails to
25 timely pay the amount required by paragraph (1)



1 with respect to such bond, the tax imposed by this
2 chapter on each holder of any such bond which is
3 part of such issue shall be increased (for the taxable
4 year of the holder in which such cessation occurs) by
5 the aggregate decrease in the credits allowed under
6 this section to such holder for taxable years begin-
7 ning in such 3 calendar years which would have re-
8 sulted solely from denying any credit under this sec-
9 tion with respect to such issue for such taxable
10 years.

11 “(3) SPECIAL RULES.—

12 “(A) TAX BENEFIT RULE.—The tax for
13 the taxable year shall be increased under para-
14 graph (2) only with respect to credits allowed
15 by reason of this section which were used to re-
16 duce tax liability. In the case of credits not so
17 used to reduce tax liability, the carryforwards
18 under subsection (e) shall be appropriately ad-
19 justed.

20 “(B) NO CREDITS AGAINST TAX.—Any in-
21 crease in tax under paragraph (2) shall not be
22 treated as a tax imposed by this chapter for
23 purposes of determining—

24 “(i) the amount of any credit allow-
25 able under this part, or



1 “(ii) the amount of the tax imposed
2 by section 55.

3 “(h) OTHER DEFINITIONS AND SPECIAL RULES.—

4 For purposes of this section—

5 “(1) BOND.—The term ‘bond’ includes any ob-
6 ligation.

7 “(2) QUALIFIED PROJECT.—The term ‘qualified
8 project’ means any project described in section
9 26106(a)(2) of title 49, United States Code.

10 “(3) TREATMENT OF CHANGES IN USE.—For
11 purposes of subsection (e)(2), the proceeds from the
12 sale of an issue shall not be treated as used for a
13 qualified project to the extent that the issuer takes
14 any action within its control which causes such pro-
15 ceeds not to be used for a qualified project. The Sec-
16 retary shall prescribe regulations specifying remedial
17 actions that may be taken (including conditions to
18 taking such remedial actions) to prevent an action
19 described in the preceding sentence from causing a
20 bond to fail to be a qualified high-speed rail infra-
21 structure bond.

22 “(4) PARTNERSHIP; S CORPORATION; AND
23 OTHER PASS-THRU ENTITIES.—Under regulations
24 prescribed by the Secretary, in the case of a partner-
25 ship, trust, S corporation, or other pass-thru entity,



1 rules similar to the rules of section 41(g) shall apply
2 with respect to the credit allowable under subsection
3 (a).

4 “(5) BONDS HELD BY REGULATED INVEST-
5 MENT COMPANIES.—If any qualified high-speed rail
6 infrastructure bond is held by a regulated invest-
7 ment company, the credit determined under sub-
8 section (a) shall be allowed to shareholders of such
9 company under procedures prescribed by the Sec-
10 retary.

11 “(6) REPORTING.—Issuers of qualified high-
12 speed rail infrastructure bonds shall submit reports
13 similar to the reports required under section
14 149(e).”.

15 (b) AMENDMENTS TO OTHER CODE SECTIONS.—

16 (1) REPORTING.—Subsection (d) of section
17 6049 of the Internal Revenue Code of 1986 (relating
18 to returns regarding payments of interest) is amend-
19 ed by adding at the end the following new para-
20 graph:

21 “(8) REPORTING OF CREDIT ON QUALIFIED
22 HIGH-SPEED RAIL INFRASTRUCTURE BONDS.—

23 “(A) IN GENERAL.—For purposes of sub-
24 section (a), the term ‘interest’ includes amounts
25 includible in gross income under section 54(d)

1 and such amounts shall be treated as paid on
2 the credit allowance date (as defined in section
3 54(b)(4)).

4 “(B) REPORTING TO CORPORATIONS,
5 ETC.—Except as otherwise provided in regula-
6 tions, in the case of any interest described in
7 subparagraph (A), subsection (b)(4) shall be
8 applied without regard to subparagraphs (A),
9 (H), (I), (J), (K), and (L)(i) of such subsection.

10 “(C) REGULATORY AUTHORITY.—The Sec-
11 retary may prescribe such regulations as are
12 necessary or appropriate to carry out the pur-
13 poses of this paragraph, including regulations
14 which require more frequent or more detailed
15 reporting.”.

16 (2) TREATMENT FOR ESTIMATED TAX PUR-
17 POSES.—

18 (A) INDIVIDUAL.—Section 6654 of such
19 Code (relating to failure by individual to pay es-
20 timated income tax) is amended by redesignig-
21 nating subsection (m) as subsection (n) and by
22 inserting after subsection (l) the following new
23 subsection:

24 “(m) SPECIAL RULE FOR HOLDERS OF QUALIFIED
25 HIGH-SPEED RAIL INFRASTRUCTURE BONDS.—For pur-

1 poses of this section, the credit allowed by section 54 to
2 a taxpayer by reason of holding a qualified high-speed rail
3 infrastructure bond on a credit allowance date shall be
4 treated as if it were a payment of estimated tax made by
5 the taxpayer on such date.”.

6 (B) CORPORATE.—Section 6655 of such
7 Code (relating to failure by corporation to pay
8 estimated income tax) is amended by adding at
9 the end of subsection (g) the following new
10 paragraph:

11 “(5) SPECIAL RULE FOR HOLDERS OF QUALI-
12 FIED HIGH-SPEED RAIL INFRASTRUCTURE BONDS.—
13 For purposes of this section, the credit allowed by
14 section 54 to a taxpayer by reason of holding a
15 qualified high-speed rail infrastructure bond on a
16 credit allowance date shall be treated as if it were
17 a payment of estimated tax made by the taxpayer on
18 such date.”.

19 (c) CLERICAL AMENDMENTS.—

20 (1) The table of subparts for part IV of sub-
21 chapter A of chapter 1 is amended by adding at the
22 end the following new item:

“SUBPART H. NONREFUNDABLE CREDIT FOR HOLDERS OF QUALIFIED HIGH-
SPEED RAIL INFRASTRUCTURE BONDS”.

23 (2) Section 6401(b)(1) is amended by striking
24 “and G” and inserting “G, and H”.



1 (d) ISSUANCE OF REGULATIONS.—Not later than 6
2 months after the date of the enactment of this section,
3 the Secretary of the Treasury shall issue regulations for
4 carrying out this section and the amendments made by
5 this section.

6 (e) HIGH-SPEED INTERCITY RAIL FACILITIES.—

7 (1) REQUIREMENT TO MEET TITLE 49 RE-
8 QUIREMENTS.—Section 142(i) of the Internal Rev-
9 enue Code of 1986 is amended by adding at the end
10 the following new paragraph:

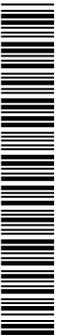
11 “(4) ADDITIONAL REQUIREMENTS.—A bond
12 issued as part of an issue described in subsection
13 (a)(11) shall not be considered an exempt facility
14 bond unless the requirements of paragraphs (1)
15 through (6) of section 26106(a) of title 49, United
16 States Code, are met.”.

17 (2) REVISION OF SPEED REQUIREMENT.—Sec-
18 tion 142(i)(1) of such Code is amended by striking
19 “150 miles per hour” and inserting “110 miles per
20 hour”.

21 (f) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to obligations issued after the date
23 of the enactment of this Act.

24 **SEC. 4. 2. HIGH-SPEED RAIL CORRIDOR DEVELOPMENT.**

25 (a) CORRIDOR DEVELOPMENT.—



1 (1) AMENDMENTS.—Section 26101 of title 49,
2 United States Code, is amended—

3 (A) in the section heading, by striking
4 “**planning**” and inserting “**development**”;

5 (B) in the heading of subsection (a), by
6 striking “PLANNING” and inserting “DEVELOP-
7 MENT”;

8 (C) by striking “corridor planning” each
9 place it appears and inserting “corridor devel-
10 opment”;

11 (D) in subsection (b)(1)—

12 (i) by inserting “, or if it is an activity
13 described in subparagraph (M)” after
14 “high-speed rail improvements”;

15 (ii) by striking “and” at the end of
16 subparagraph (K);

17 (iii) by striking the period at the end
18 of subparagraph (L) and inserting “; and”;
19 and

20 (iv) by adding at the end the following
21 new subparagraph:

22 “(M) the acquisition of locomotives, rolling
23 stock, track, and signal equipment.”; and

24 (E) in subsection (c)(2), by striking “plan-
25 ning” and inserting “development”.



1 (2) CONFORMING AMENDMENT.—The item re-
2 relating to section 26101 in the table of sections of
3 chapter 261 of title 49, United States Code, is
4 amended by striking “planning” and inserting “de-
5 velopment”.

6 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
7 26104 of title 49, United States Code, is amended to read
8 as follows:

9 **“§ 26104. Authorization of appropriations**

10 “(a) FISCAL YEARS 2006 THROUGH 2013.—There
11 are authorized to be appropriated to the Secretary—

12 “(1) \$70,000,000 for carrying out section
13 26101; and

14 “(2) \$30,000,000 for carrying out section
15 26102,

16 for each of the fiscal years 2006 through 2013.

17 “(b) FUNDS TO REMAIN AVAILABLE.—Funds made
18 available under this section shall remain available until ex-
19 pended.”.

20 **SEC. 5. 3. REHABILITATION AND IMPROVEMENT**
21 **FINANCING.**

22 (a) DEFINITIONS.—Section 102(7) of the Railroad
23 Revitalization and Regulatory Reform Act of 1976 (45
24 U.S.C. 802(7)) is amended to read as follows:



1 “(7) ‘railroad’ has the meaning given that term
2 in section 20102 of title 49, United States Code;
3 and”.

4 (b) GENERAL AUTHORITY.—Section 502(a) of the
5 Railroad Revitalization and Regulatory Reform Act of
6 1976 (45 U.S.C. 822(a)) is amended by striking “Sec-
7 retary may provide direct loans and loan guarantees to
8 State and local governments,” and inserting “Secretary
9 shall provide direct loans and loan guarantees to State and
10 local governments, agreements or interstate compacts con-
11 sented to by Congress under section 410(a) of Public Law
12 105–134 (49 U.S.C 24101 nt),”.

13 (c) EXTENT OF AUTHORITY.—Section 502(d) of the
14 Railroad Revitalization and Regulatory Reform Act of
15 1976 (45 U.S.C. 822(d)) is amended—

16 (1) by striking “\$3,500,000,000” and inserting
17 “\$35,000,000,000”;

18 (2) by striking “\$1,000,000,000” and inserting
19 “\$7,000,000,000”; and

20 (3) by adding at the end the following new sen-
21 tence: “The Secretary shall not establish any limit
22 on the proportion of the unused amount authorized
23 under this subsection that may be used for 1 loan
24 or loan guarantee.”.



1 (d) COHORTS OF LOANS.—Section 502(f) of the Rail-
2 road Revitalization and Regulatory Reform Act of 1976
3 (45 U.S.C. 822(f)) is amended—

4 (1) in paragraph (2)—

5 (A) by striking “and” at the end of sub-
6 paragraph (D);

7 (B) by redesignating subparagraph (E) as
8 subparagraph (F); and

9 (C) by adding after subparagraph (D) the
10 following new subparagraph:

11 “(E) the size and characteristics of the co-
12 hort of which the loan or loan guarantee is a
13 member; and”; and

14 (2) by adding at the end of paragraph (4) the
15 following: “A cohort may include loans and loan
16 guarantees. The Secretary shall not establish any
17 limit on the proportion of a cohort that may be used
18 for 1 loan or loan guarantee.”.

19 (e) CONDITIONS OF ASSISTANCE.—Section 502 of the
20 Railroad Revitalization and Regulatory Reform Act of
21 1976 (45 U.S.C. 822) is amended—

22 (1) in subsection (f)(2)(A), by inserting “, if
23 any” after “collateral offered”; and

24 (2) by adding at the end of subsection (h) the
25 following:



1 “The Secretary shall not require an applicant for a direct
2 loan or loan guarantee under this section to provide collat-
3 eral. The Secretary shall not require that an applicant for
4 a direct loan or loan guarantee under this section have
5 previously sought the financial assistance requested from
6 another source. The Secretary shall require recipients of
7 direct loans or loan guarantees under this section to apply
8 the standards of section 26106(a)(5) of title 49, United
9 States Code, to their projects.”

10 (f) TIME LIMIT FOR APPROVAL OR DISAPPROVAL.—
11 Section 502 of the Railroad Revitalization and Regulatory
12 Reform Act of 1976 (45 U.S.C. 822) is amended by add-
13 ing at the end the following new subsection:

14 “(i) TIME LIMIT FOR APPROVAL OR DISAPPROVAL.—
15 Not later than 90 days after receiving a complete applica-
16 tion for a direct loan or loan guarantee under this section,
17 the Secretary shall approve or disapprove the applica-
18 tion.”

19 (g) FEES AND CHARGES.—Section 503 of the Rail-
20 road Revitalization and Regulatory Reform Act of 1976
21 (45 U.S.C. 823) is amended by adding at the end the fol-
22 lowing new subsection:

23 “(l) FEES AND CHARGES.—Except as provided in
24 this title, the Secretary may not assess any fees, including



1 user fees, or charges in connection with a direct loan or
2 loan guarantee provided under section 502.”.

3 (h) SUBSTANTIVE CRITERIA AND STANDARDS.—Not
4 later than 30 days after the date of the enactment of this
5 Act, the Secretary of Transportation shall publish in the
6 Federal Register and post on the Department of Trans-
7 portation web site the substantive criteria and standards
8 used by the Secretary to determine whether to approve
9 or disapprove applications submitted under section 502 of
10 the Railroad Revitalization and Regulatory Reform Act of
11 1976 (45 U.S.C. 822).



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February 3, 2006 (4:19 PM)

109TH CONGRESS
2D SESSION

H. R. 1631

[Report No. 109-]

A BILL

To provide for the financing of high-speed rail
infrastructure, and for other purposes.
